

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2009-512-W

July 20, 2010

In Re: Application of Hamilton-Haynes)
Water Works for an Establishment of its)
Service Area, Rates, and Charges for the)
Provision of Water Services)

**JOINT REQUEST
FOR SETTLEMENT
HEARING**

The South Carolina Office of Regulatory Staff (“ORS”) and Hamilton-Haynes Water Works (“Hamilton-Haynes” or “the Company”) (collectively “the Parties”) pursuant to 26 S.C. Code Ann. Regs. 103-829 (Supp. 2009), the Settlement Policies and Procedures of the Public Service Commission of South Carolina (“the Commission”), and other applicable statutes, rules and regulations, hereby file this Joint Request to establish a settlement conference in the above-captioned proceeding and for approval of the Settlement Agreement. In support of this Joint Motion, the Parties state as follows:

1. On or about February 8, 2010, the Company filed an Application for the Establishment of Service Area, Rates and Charges for the Provision of Water Services.
2. The above-captioned proceeding has been established by the Commission pursuant to S.C. Code Ann. §58-5-240 (Supp. 2009) and 26 S.C. Code Ann. Regs. 103-712.4.B (2009).
3. ORS examined the books and records of the Company relative to the matters raised in the Application and conducted a site visit.
4. ORS and Hamilton-Haynes are the only parties of record in the above-captioned docket.

5. Following discussions concerning the issues in the above-captioned proceeding, Hamilton-Haynes has determined that its interests, and ORS has determined that the public interest, would best be served by stipulating to a comprehensive settlement of all issues pending in the above-captioned proceeding. The Agreement detailing the terms and conditions of the settlement is provided as Attachment "A."

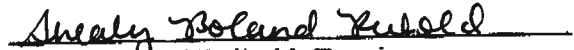
7. In order to present the merits of the Settlement Agreement to the Commission, the Parties jointly move that the Commission commence a settlement hearing on August 17, 2010, the date of the hearing scheduled in this docket. Ms. Hannah Majewski on behalf of ORS will provide settlement testimony in support of this Settlement Agreement. Ms. Majewski's Settlement Testimony is provided as Attachment "B."

8. The Parties submit that the Settlement Agreement produces a fair and reasonable outcome. The Parties request that the Commission grant its approval of the Settlement Agreement as being in the public interest.


WHEREFORE, having fully set forth their Joint Motion, the Parties request that the Commission: 1) permit the Parties to present the merits of the Settlement Agreement on August 17, 2010; and 2) issue an order approving the Parties' Settlement Agreement as just, fair and reasonable.

WE SO MOVE:

**Representing and binding the Office of
Regulatory Staff**


Shealy Boland Reibold, Esquire
South Carolina Office of Regulatory Staff
1401 Main Street (Suite 900)
Columbia, SC 29201
Phone: (803) 737-0863
Fax: (803) 737-0895
E-mail: sreibol@regstaff.sc.gov

**Representing and binding Hamilton-
Haynes Water Works**


Carolyn H. Smith
255 North Highway 52, Suite 1
Moncks Corner, SC 29461
(843) 761-4959
(843) 761-1472 (fax)
E-mail: haynesconst@homesc.com

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2009-512-W

July 20, 2010

IN RE: Application of Hamilton-Haynes)
 Water Works for an Establishment of) **SETTLEMENT AGREEMENT**
 Its Service Area, Rates and Charges)
 for the Provision of Water Services)

This Settlement Agreement is made by and between Hamilton-Haynes Water Works (“Hamilton-Haynes” or “the Company”) and the South Carolina Office of Regulatory Staff (“ORS”), (collectively referred to as the “Parties” or sometimes individually as a “Party”).

WHEREAS, on February 8, 2010, Hamilton-Haynes filed an Application for the Establishment of Service Area, Rates and Charges for the Provision of Water Services with the Public Service Commission of South Carolina (“Commission”);

WHEREAS, the above-captioned proceeding has been established by the Commission pursuant to the procedure established in S.C. Code Ann. § 58-5-240 (Supp. 2009) and 26 S.C. Code Ann. Regs. 103-712.4.B (2009);

WHEREAS, Hamilton-Haynes provides water service to approximately 82 customers in Moncks Corner in Berkeley County, South Carolina;

WHEREAS, ORS has examined the books and records of the Company relative to the matters raised in the Application and has conducted a site visit;

WHEREAS, the Parties to this Settlement Agreement are parties of record in the above-captioned docket and there are no other parties of record in the above-captioned proceeding;

WHEREAS, the Parties have engaged in discussions, to determine whether a settlement of this proceeding would be in their best interests and in the public interest;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms, which, if adopted by the Commission in its Order on the merits of this proceeding, will result in rates and terms and conditions of water service which are adequate, just, reasonable, nondiscriminatory, and supported by the evidence of record of this proceeding, and which will allow the Company the opportunity to obtain a reasonable operating margin.

1. The Parties stipulate and agree that a flat rate of \$25.00 per month for residential water service, and a flat rate of \$40.00 per month for commercial and church water service are just and reasonable rates. Water tap fees will be \$560.00 for a ¾" meter, \$760.00 for a 1" meter, and \$1,260 for a 1 ½" meter. Fees for new service with an existing water tap for a ¾" meter will be \$60.00.

2. The Parties stipulate and agree that the rates contained in the rate schedule attached as Exhibit One to this Settlement Agreement are reasonably designed to allow the Company to provide service to its water customers at rates and terms and conditions of service that are fair, just and reasonable and provides the opportunity to recover the revenue required to earn a fair operating margin.

3. The Parties agree that the ORS shall have access to all of the books and records of this system and shall perform an examination of these books as necessary.

4. Hamilton-Haynes agrees to keep its books and records according to the NARUC Uniform System of Accounts as required by the Commission's rules and regulations. Hamilton-Haynes also understands and agrees that the South Carolina Department of Health and

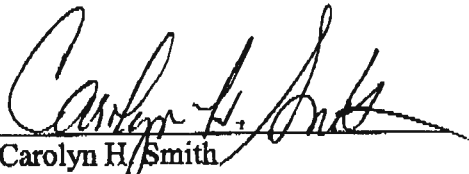
WE AGREE:

Representing and binding the Office of Regulatory Staff

Shealy Boland Reibold
Shealy Boland Reibold, Esquire
South Carolina Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201
Phone: (803) 737-0863
Fax: (803) 737-0895
E-mail: sreibol@regstaff.sc.gov

WE AGREE:

Representing and binding Hamilton-Haynes Water Works

A handwritten signature in black ink, appearing to read "Carolyn H. Smith", written over a horizontal line.

Carolyn H. Smith
255 North Highway 52, Suite 1
Moncks Corner, SC 29461
Phone: (843) 761-4959
Fax: (843) 761-1472
Email: haynesconst@homedsc.com

**THE OFFICE OF REGULATORY STAFF
SETTLEMENT TESTIMONY
OF
HANNAH K. MAJEWSKI
JULY 20, 2010**



DOCKET NO. 2009-512-W

**Application of Hamilton-Haynes Water
System for an Establishment of Its Service
Area, Rates and Charges for the Provision
of Water Services**

1 **SETTLEMENT TESTIMONY OF HANNAH K. MAJEWSKI**
2 **FOR**
3 **THE OFFICE OF REGULATORY STAFF**
4 **DOCKET NO. 2009-512-W**
5 **IN RE: APPLICATION OF HAMILTON-HAYNES WATER SYSTEM FOR THE**
6 **ESTABLISHMENT OF ITS SERVICE AREA, RATES AND CHARGES FOR**
7 **THE PROVISION OF WATER SERVICES**

8
9 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND**
10 **OCCUPATION.**

11 A. My name is Hannah Majewski, and my business address is 1401 Main
12 Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State
13 of South Carolina Office of Regulatory Staff (“ORS”) as the Program Specialist
14 for the Water and Wastewater Department.

15 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND**
16 **EXPERIENCE.**

17 A. I received a Bachelor of Arts Degree in English from the University of
18 South Carolina in 1990. I have been employed by the State of South Carolina
19 approximately 19 years, the last three of which have been with the Office of
20 Regulatory Staff’s Consumer Services Department assisting electric and gas
21 consumers. In July 2009, I became the Program Specialist for the Water and
22 Wastewater Department.

THE OFFICE OF REGULATORY STAFF
1401 Main Street, Suite 900
Columbia, SC 29201

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
2 **PROCEEDING?**

3 A. The purpose of my testimony is to set forth the ORS staff findings relative
4 to my review of the application of Hamilton-Haynes Water System (“Hamilton-
5 Haynes”) for establishment of water rates in Berkeley County. I will also provide
6 a brief overview of the Settlement Agreement reached between ORS and
7 Hamilton-Haynes in this proceeding and to explain why this Settlement
8 Agreement is in the public interest.

9 **Q. PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR**
10 **TESTIMONY AND EXHIBITS.**

11 A. I used information provided by Hamilton-Haynes in its application and
12 additional information provided by Hamilton-Haynes during ORS’s review.

13 **Q. ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS**
14 **TESTIMONY AND ACCOMPANYING EXHIBITS?**

15 A. Yes, my testimony and the attached exhibits detail ORS’s findings and
16 recommendations.

17 **Q. PLEASE PROVIDE AN OVERVIEW OF THE LOCATION, SERVICE**
18 **TYPE AND CUSTOMER BASE SERVED BY HAMILTON-HAYNES.**

19 A. Hamilton-Haynes provides water service to approximately 82 customers in
20 Moncks Corner, SC. Of the 82 customers, eighty are residential and two are
21 commercial. Based on our review, Hamilton-Haynes would be classified as a
22 NARUC Class C water utility according to the pro forma revenue information.

23 **Q. PLEASE EXPLAIN EXHIBIT HKM-1 OF YOUR REPORT.**

1 A. Exhibit HKM-1 is a summary of the Hamilton-Haynes water
2 supply/distribution system inspected by ORS on June 18, 2010.

3 **Water Supply/Distribution System**

4 Hamilton-Haynes currently provides adequate water supply services to its
5 customers using two deep-drilled wells. Safe drinking water standards are being
6 met according to recent DHEC sanitary survey reports and required certified
7 operator logs were in compliance at all ORS audited facilities. General
8 housekeeping items including access roads and operator visits are satisfactory.
9 Hamilton-Haynes was advised to provide proper signage on their well houses and
10 storage tanks. Hamilton-Haynes charges a flat rate of \$25 per month for water
11 service to residential customers and a flat rate of \$40 per month for water service
12 to its commercial customers. DHEC rated the water system as
13 "SATISFACTORY" during their last sanitary survey. No construction activity is
14 being proposed by Hamilton-Haynes for its water systems and no immediate need
15 exists for any major upgrade.

16 **Q. EXPLAIN THE PROPOSED REVENUE INFORMATION COMPUTED**
17 **BY ORS FOR HAMILTON-HAYNES.**

18 A. Exhibit HKM-2 summarizes Hamilton-Haynes' revenues for water service
19 that would be generated from the residential and commercial customers of
20 Hamilton-Haynes for a 12-month period. ORS used Hamilton-Haynes' current
21 rates as indicated in its application for these calculations. ORS calculated
22 Hamilton-Haynes' proposed operating revenues of \$25,140.

- (1) Concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) Economic development and job attraction and retention in South Carolina; and
- (3) Preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services

All parties agree that the rates and charges set forth are necessary for Hamilton-Haynes to provide its residential and commercial customers with adequate water service. The Settlement Agreement provides proposed rates, terms, and conditions that are fair and reasonable to both the customer and Hamilton-Haynes. The utility is proposing a flat rate for water. The proposed rate schedule would result in the ability to earn total revenue of \$25,140 resulting in a 2.80% operating margin. Hamilton-Haynes did not seek a specific operating margin in their application.

As stated earlier, it is the position of ORS and Hamilton-Haynes that this Settlement Agreement is fair and reasonable and represents full resolution of all issues in this proceeding and I would request the Commission approve the Settlement Agreement as presented today.

Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Yes it does.



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: June 18, 2010
 Inspector Name: Willie Morgan, Hannah Majewski
 Docket Number: 2009-512-W
 Utility Name: Hamilton-Haynes Water Works
 Utility Representative: Carolyn Haynes Smith, Charles Hamilton
 Number of Customers: 82
 System Type (distribution, well, etc): well
 Location of System: Moncks Corner, SC
 Location of Utility Office: 255 N. Highway 52, Moncks Corner, SC
 Treatment Type: none
 Permit #: WS#0850014
 Last SC DHEC Compliance Rating: S
 Frequency checked by Licensed Operator: monthly
 Wastewater Provider: septic

Inspection Overview

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites		2			x		
2	Pump Houses		2			x		
3	Storage Tank	Pressurized	2			x		Well 1 - 5000 gal Well 2 - 3100 gal
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator	N/A						
5	Other Chemicals in use	N/A						
6	Meters		82					Meters located at all residences, but are not being read (flat rate)
7	Fire Hydrants		0					
8	Electrical Wiring acceptable					x		
9	Piping acceptable					x		
10	Water free of air							Did not observe
11	Water free of sand							Did not observe
12	Water clarity							Did not observe
13	System free of leaks					x		
14	Water free of observed odor							Did not observe
15	Access road adequate					x		
16	Ability for service area to expand					x		

Additional Comments:

Signage (company name/phone number) required on well houses and storage tank; each well is approx. 240 feet deep

**HAMILTON-HAYNES WATER WORKS
2009-512-W
REVENUE IMPACT ANALYSIS**

EXHIBIT HKM-2

Calculated Revenue Overview

Service Type	Customer Classification	Months of Occupancy	Service Units	Base Facility Charge (BFC)	New Service With Existing Tap fee (2)	Calculated Revenues (1)
Water	Residential	12	80	\$25.00		\$24,000
	Commercial	12	1	\$40.00		\$480
	Church	12	1	\$40.00		\$480
	Misc. Revenue (2)				\$60.00	\$180
Total Operating Revenues			82			\$25,140

Calculation Methodology:

- (1) Customer Tap Fees, Deposits and Interest on Deposits, Backflow Prevention Installation Fees are not included in any of the above computations.
- (2) Average 3 new customers with existing water tap per year

Hamilton Haynes Water Works
2009-512-W
Performance Bond Requirement

EXHIBIT HKM-3

	Hamilton-Haynes Water System	
Bond Value Components	Per Company Application	As Adjusted
Salaries & Wages	\$9,998	\$9,998
Electric	\$5,161	\$5,161
Repairs and Maintenance	\$1,757	\$1,757
Laboratory Testing Fees	\$535	\$535
Rent	\$2,040	\$2,040
Office Expenses	\$35	\$500
Postage	\$45	\$300
Insurance	\$955	\$1,455
Accounting and Bookkeeping	\$175	\$200
Utility Regulation Expense	\$0	\$183
Rate Case Expense	\$0	\$1,000
Property Taxes	\$800	\$800
Miscellaneous	\$150	\$150
Income Tax Expense	\$875	\$15
Bond Value Requirement	\$22,526	\$24,094

Performance Bond Structure	Bond Value	Expiration Date
Total Financial Assurance	\$100,000	

1. Monthly Charges

Residential and Commercial

We are requesting an approval of a flat rate of \$25.00 per month for all single family residents, a \$40.00 flat rate for commercial taps, and a \$40.00 fee for the church.

2. Nonrecurring Charges

We are requesting an approval of...

New connection Tap in Fee

3/4" Meter	\$560.00
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1" Meter	\$760.00
----------	----------

1 1/2" Meter	\$1,260.00
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New service with existing water Tap

3/4" Meter	\$60.00
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3. Late Payment Charge

We are requesting an approval late-payment charge of 1 1/2 % or any other amount approved by the commission for payments received after the 25th of the month. Service may be terminated for non-payment of a bill pursuant to Commission regulations.

4. Charges for Discontinuance and Reconnection

We are requesting an approval for reconnection fees of forty dollars (\$40.00) during normal working hours (8:00 AM to 4:00 PM Monday - Friday) and fifty dollars (\$50.00) after hours and weekends when service has been discontinued because of non-payment to be paid prior to the utility reconnecting service.

5. NSF Charge

We are requesting an approval of NSF check charge up to the maximum amount allowed by applicable South Carolina Public Service Commission rule.

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2009-512-W

IN RE:

Application of Hamilton-Haynes Water System)	
for an Establishment of Its Service Area, Rates)	CERTIFICATE OF
and Charges for the Provision of Water Services)	SERVICE
)	

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **JOINT REQUEST FOR SETTLEMENT HEARING WITH ATTACHED SETTLEMENT AGREEMENT AND SETTLEMENT TESTIMONY OF HANNAH K. MAJEWSKI** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Carolyn H. Smith, Office and Property Manager
Hamilton-Haynes Water System
255 North Highway 52, Suite 1
Moncks Corner, SC, 29461



Chrystal L. Morgan

July 20, 2010
Columbia, South Carolina